

CITY OF JEFFERSONTOWN, KENTUCKY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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STEPHENS & LAWSON

Certified Public Accountants

Independent Auditor's Report

To the City Council
City of Jeffersontown, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Jeffersontown, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. According we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Jeffersontown, Kentucky, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 10 and 44 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jeffersontown, Kentucky's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of the City of Jeffersontown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jeffersontown, Kentucky's internal control over financial reporting on compliance.

Stephens & Lawson, CPAs

Louisville, Kentucky
November 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Jeffersontown, Kentucky's (the City) financial performance provides an overview of the City's financial activities for the year ended June 30, 2017. Please read it in conjunction with the City's financial statements, which begin on page 11.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 11 and 12) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 11. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of this year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

To aid in the understanding of the statement of activities some additional explanation is provided. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of the City's taxpayers. It also identifies how much of each function draws from the general revenues or if it is self-financing through fees and grants.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$31,569,781 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$29,071,463. This increase is due to an overall increase in current assets from \$13,121,924 to \$15,194,832. Total assets for the year increased by \$2,976,193.
- The three largest sources of general revenues for the City continued to be property taxes, insurance taxes, and occupational taxes. These revenue sources accounted for 82.37% of total revenues received by the City. The City's revenue of \$24,865,025 for this fiscal year is an increase of \$2,025,914 as compared to the previous fiscal year.
- The City's expenditures of \$22,213,062 for this fiscal year are an increase of \$2,049,506 as compared to the previous fiscal year.

CONDENSED FINANCIAL INFORMATION

The following condensed financial information has been derived from the government-wide financial statements.

Net Position

The total assets of the City increased by \$2,976,193 in the fiscal year ending 2017 as compared to the fiscal year ending 2016. While the total liabilities of the City increased by \$1,625,912 during this same time period.

	2017	2016
Assets		
Current Assets	\$ 15,194,832	\$ 13,121,924
Non-Depreciable Fixed Assets	7,286,142	6,485,265
Depreciable Fixed Assets, Net	33,478,501	33,376,093
Total Assets	\$ 55,959,475	\$ 52,983,282
Deferred Outflows of Resources		
Deferred Amounts Related to Pensions	\$ 4,549,980	\$ 3,422,631
Liabilities		
Current Liabilities	\$ 3,011,940	\$ 2,540,361
Long-Term Liabilities	25,838,505	24,684,172
Total Liabilities	\$ 28,850,445	\$ 27,224,533
Deferred Inflows of Resources		
License Fees Received in Advance	\$ 25,092	\$ 109,917
Deferred Amounts Related to Pensions	64,137	-
Total Deferred Inflows of Resources	\$ 89,229	\$ 109,917
Net Position		
Net Investment in Capital Assets	\$ 36,120,446	\$ 34,343,755
Restricted	2,661,421	3,397,027
Unrestricted	(7,212,086)	(8,669,319)
Total Net Position	\$ 31,569,781	\$ 29,071,463

Current assets exceed current liabilities by \$12,182,892 for a current ratio of approximately 5.04 to 1. This indicator clearly points out that the City has sufficient capacity to service its current debt. It is also important to note that total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$31,569,781. This number represents the "net worth" of the City.

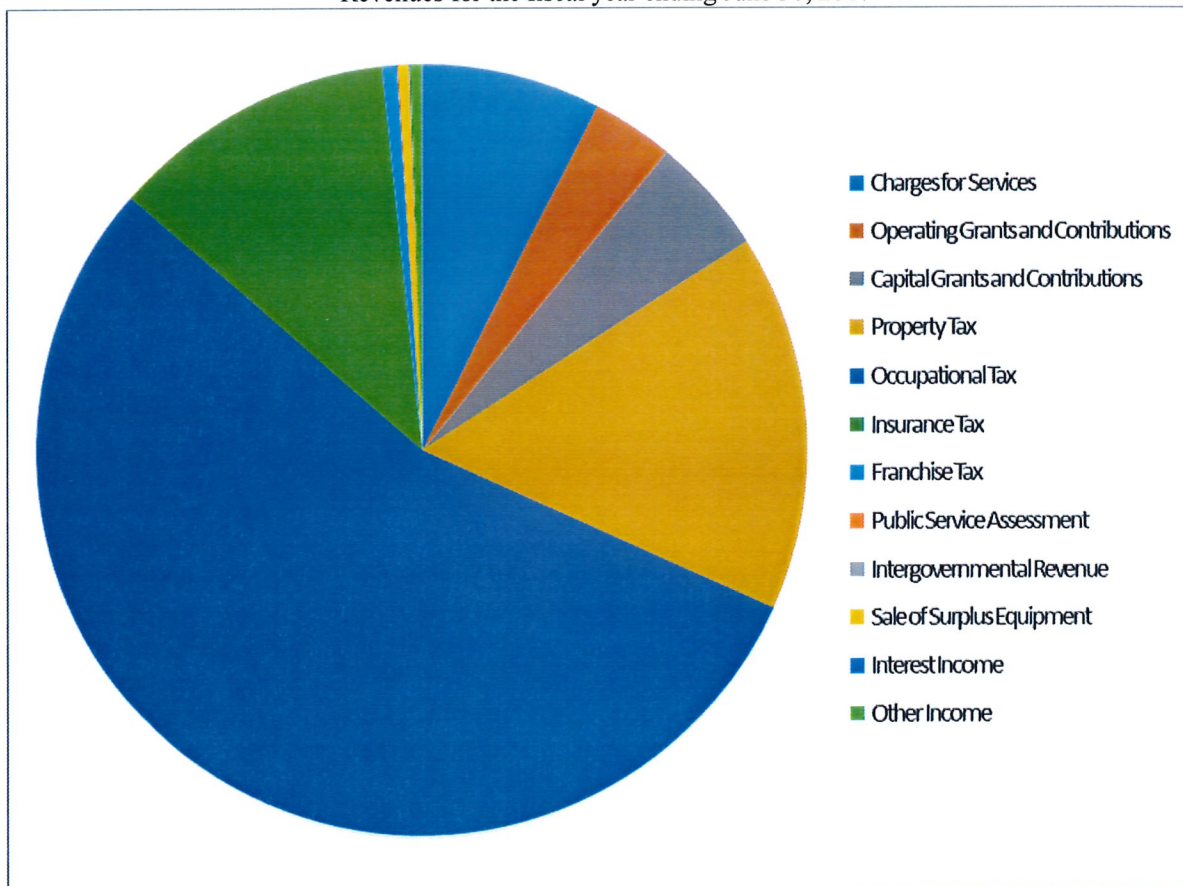
Governmental Revenues

The City's primary sources of revenues in this fiscal year continued to be property and occupational taxes. These two sources comprise 70.39% and 72.52% of the total revenue collected in the fiscal years ending 2017 and 2016 respectively. Total revenues for the year ended June 30, 2017 were \$24,865,025 which is an increase of \$2,025,914 over the previous fiscal year. This increase is due mainly to increases in capital grants and contributions as well as occupational taxes. Revenues were reported as follows:

Governmental Revenues – Continued

	2017		2016	
	Amount	Percentage	Amount	Percentage
Program Revenues				
Charges for Services	\$ 1,873,493	7.53%	\$ 1,941,701	8.50%
Operating Grants and Contributions	858,507	3.45%	831,135	3.64%
Capital Grants and Contributions	1,243,576	5.01%	470,527	2.06%
Total program revenues	3,975,576	15.99%	3,243,363	14.20%
General Revenues				
Property Tax	3,914,804	15.74%	3,887,607	17.02%
Occupational Tax	13,588,686	54.65%	12,675,057	55.50%
Insurance Tax	2,977,707	11.98%	2,732,246	11.96%
Franchise Tax	152,762	0.61%	152,773	0.67%
Public Service Assessment	14,825	0.06%	17,089	0.07%
Intergovernmental Revenue	1,741	0.01%	1,472	0.01%
Sale of Surplus Equipment	104,042	0.42%	66,830	0.29%
Interest Income	19,233	0.08%	11,566	0.05%
Other Income	115,649	0.46%	51,108	0.23%
Total general revenues	20,889,449	84.01%	19,595,748	85.80%
Total Revenues	<u>\$ 24,865,025</u>	<u>100.00%</u>	<u>\$ 22,839,111</u>	<u>100.00%</u>

Revenues for the fiscal year ending June 30, 2017

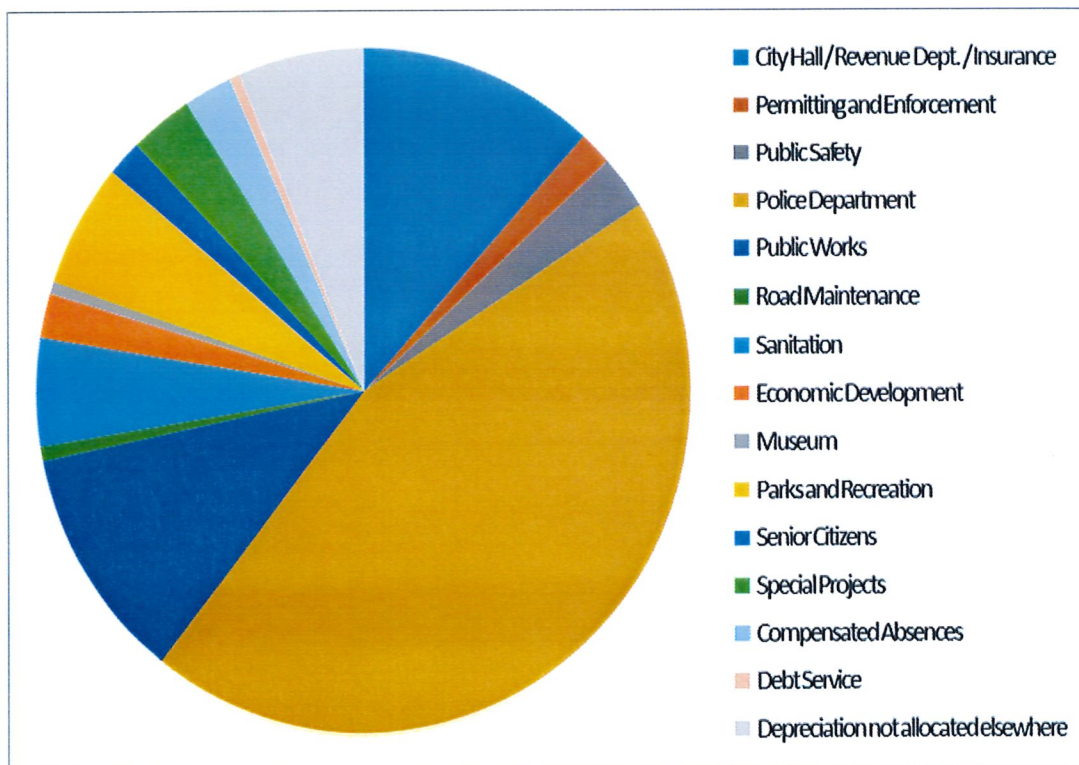


Governmental Expenses

Expenses for the year ended June 30, 2017 were \$22,213,062 which represents an increase of \$2,049,506 over the previous fiscal year. Expenses increased in part due to an increase in spending in the administrative department, police department, public works, and on special projects. Expenses were reported as follows:

	2017		2016	
	Amount	Percentage	Amount	Percentage
Program Expenses:				
City Hall / Revenue Dept. / Insurance	\$ 2,614,819	11.77%	\$ 2,371,940	11.76%
Permitting and Enforcement	365,820	1.65%	319,982	1.59%
Public Safety	577,176	2.60%	589,914	2.93%
Police Department	9,921,181	44.66%	9,086,102	45.06%
Public Works	2,472,124	11.13%	2,221,831	11.02%
Road Maintenance	154,953	0.70%	216,209	1.07%
Sanitation	1,131,591	5.09%	1,117,251	5.54%
Economic Development	456,756	2.06%	429,124	2.13%
Museum	131,518	0.59%	122,621	0.61%
Parks and Recreation	1,289,851	5.81%	1,137,279	5.64%
Senior Citizens	382,370	1.72%	389,943	1.93%
Special Projects	702,425	3.16%	465,401	2.31%
Compensated Absences	519,121	2.34%	315,458	1.56%
Debt Service	115,750	0.52%	130,389	0.65%
Depreciation not allocated elsewhere	1,377,607	6.20%	1,250,112	6.20%
Total Expenses	<u>\$ 22,213,062</u>	<u>100.00%</u>	<u>\$ 20,163,556</u>	<u>100.00%</u>

Expenses for the fiscal year ending June 30, 2017



Excess of Revenues over Expenses

	2017	2016
Total Revenues	\$ 24,865,025	\$ 22,839,111
Total Expenditures	22,213,062	20,163,556
Excess (Deficiency) of Revenues Over Expenses	<u>\$ 2,651,963</u>	<u>\$ 2,675,555</u>

Change in Net Position

For the year ended June 30, 2017 and 2016, net position changed as follows:

	2017	2016
Beginning Net Position	\$ 29,071,463	\$ 27,139,940
Prior Period Adjustments	(153,645)	(744,032)
Increase in Net Position	2,651,963	2,675,555
Ending Net Position	<u>\$ 31,569,781</u>	<u>\$ 29,071,463</u>

Fixed Assets

For the year ended June 30, 2017, the City had \$90,660,332 invested in fixed assets including recreation fields and parks, buildings and improvements, equipment, vehicles, and infrastructure. A schedule of the changes in fixed assets during this fiscal year is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 1,124,197	\$ -	\$ -	\$ 1,124,197
Construction in Progress	5,361,068	1,478,099	677,222	6,161,945
Total non-depreciable assets	<u>6,485,265</u>	<u>1,478,099</u>	<u>677,222</u>	<u>7,286,142</u>
Depreciable Assets:				
Buildings and Improvements	9,183,982	139,610	25,128	9,298,464
Machinery and Equipment	3,345,016	201,274	524,092	3,022,198
Vehicles	4,315,136	628,280	480,153	4,463,263
Land Improvements	1,547,381	677,222	-	2,224,603
Infrastructure	63,447,105	918,557	-	64,365,662
Total depreciable assets	<u>81,838,620</u>	<u>2,564,943</u>	<u>1,029,373</u>	<u>83,374,190</u>
Total fixed assets	<u>88,323,885</u>	<u>4,043,042</u>	<u>1,706,595</u>	<u>90,660,332</u>
Accumulated Depreciation:				
Buildings and Improvements	4,279,890	291,013	25,128	4,545,775
Machinery and Equipment	2,414,932	247,236	521,472	2,140,696
Vehicles	3,063,796	441,301	475,936	3,029,161
Land Improvements	933,596	98,541	-	1,032,137
Infrastructure	37,770,313	1,377,607	-	39,147,920
Total accumulated depreciation	<u>48,462,527</u>	<u>2,455,698</u>	<u>1,022,536</u>	<u>49,895,689</u>
Governmental activities fixed assets, net	<u>\$ 39,861,358</u>	<u>\$ 1,587,344</u>	<u>\$ 684,059</u>	<u>\$ 40,764,643</u>

Fixed Assets - Continued

This year's major additions include the following items:

12 Vehicles and Related Equipment	\$ 628,280
Roofing at Bluebird Gym	21,897
Roofing at Police Department	112,433
Bobcat Loader	36,577
Snow Plows and Salt Spreaders	26,231
3 Keyless Entry Systems at City Buildings	53,160
Lazer X60 Mower	10,257
Paving	918,557
HVAC Systems at Police Department	19,778
Bluegrass Parkway Shared Use Trail	677,222
Total	<u>\$ 2,504,392</u>

Debt

For the year ended June 30, 2017, the City had \$27,325,778 in outstanding long-term obligations, of that amount \$706,417 is due within the coming fiscal year. A schedule of the changes in debt during this fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 681,404	\$ -	\$ 681,404	\$ -	\$ -
Capital Lease Obligation	4,836,199	-	192,002	4,644,197	887,273
Compensated Absences	2,788,709	473,541	236,533	3,025,717	600,000
Pension Obligation	17,518,669	2,137,195	-	19,655,864	-
Total Governmental Activities	<u>\$ 25,824,981</u>	<u>\$ 2,610,736</u>	<u>\$1,109,939</u>	<u>\$ 27,325,778</u>	<u>\$1,487,273</u>

Pensions

Current accounting standards require governmental entities to recognize certain financial statements amounts related to pensions. In addition to these financial statement items, there are also note disclosure requirements (Note I) and tables to be included as required supplementary information. The measurement date for the net pension liability is June 30, 2016.

During this fiscal year, the obligations of the City as they relate to pensions and as reported to the City by the Kentucky Retirements Systems are as follows:

	As Reported in the Audit for the Fiscal Year Ending June 30th:	
	2017	2016
Pension Obligations	\$ 19,655,864	\$ 17,518,669
Deferred Outflows Related to Pensions	4,549,980	3,422,631
Deferred Inflows Related to Pensions	64,137	-

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the City's major funds begins on page 13. The fund financial statements provide detailed information about the governmental fund – not the City as a whole. Most of the City's basic services are reported in the governmental fund, which focuses on how money flows into and out of the fund and the balance left over at year-end this is available for spending in the next period. This fund is reported using the accounting method called the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental fund in a reconciliation in separate statements after each of the fund financial statements.

BUDGETARY HIGHLIGHTS

General Fund

For the year ended June 30, 2017, general fund revenues of \$23,607,735 were \$2,381,530 less than the \$25,989,265 budgeted. Revenue sources with the most significant budget shortfalls included grant income and property taxes. For the year ended June 30, 2017, general fund expenditures of \$21,448,109 were \$5,727,833 less than the \$27,175,942 budgeted. The City went over budget in the areas of compensated absences, debt service, parks and recreation, police, and the revenue department. Due to the nature and unpredictability of when compensated absences will be used, the City does not make a budget appropriation for this item causing any payments for compensated absences to result in a budget overage. The police department was over budget due to unbudgeted CID expenses.

Road Fund

For the year ended June 30, 2017, state road aid of \$535,482 was \$11,948 more than the \$523,534 budgeted. Expenditures in the road fund of \$617,782 were \$16,570 less than the \$634,352 budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Due to a higher budget projection for grant revenue in the upcoming fiscal year as compared to this fiscal year, budgeted revenue in the general fund for fiscal year 2018 increased by \$893,131 to \$26,882,396.

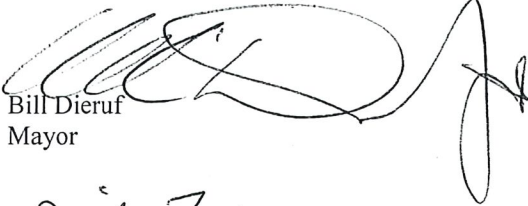
General fund budget expenditures were increased by \$157,909 to \$27,333,851 to reflect increased spending on grant projects.

The difference between budgeted revenue and expenditures for fiscal year 2018 was covered by a surplus brought forward from prior fiscal years.

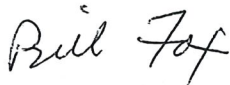
CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City Clerk's Office at 10416 Watterson Trail, Jeffersontown, Kentucky 40299

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'Bill Dieruf'.

Bill Dieruf
Mayor

A handwritten signature in black ink, appearing to read 'Bill Fox'.

Bill Fox
City Clerk/Treasurer

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government
	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 8,488,184
Investments	2,289,632
Receivables	4,417,016
Total Current Assets	<u>15,194,832</u>
Non-current Assets:	
Non-depreciable Fixed Assets	7,286,142
Depreciable Fixed Assets, Net	33,478,501
Total Non-current Assets	<u>40,764,643</u>
Total Assets	55,959,475
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amounts Related to Pensions	<u>4,549,980</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 60,509,455</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 798,554
Payroll Taxes and Withholdings Payable	434,878
Accrued Payroll	141,448
User Deposits	114,509
Accrued Interest	35,278
Long-Term Obligations Due Within One Year	1,487,273
Total Current Liabilities	<u>3,011,940</u>
Long-Term Liabilities:	
Long-Term Obligations in Excess of One Year	<u>25,838,505</u>
Total Liabilities	<u>28,850,445</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
License Fees Received in Advance	25,092
Deferred Amounts Related to Pensions	<u>64,137</u>
Total Deferred Inflows of Resources	<u>89,229</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	36,120,446
Restricted	2,661,421
Unrestricted	<u>(7,212,086)</u>
Total Net Position	<u>31,569,781</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 60,509,455</u></u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Net (Expense) Revenue</u>
Primary Government:					
Governmental Activities:					
Administration	\$ 2,614,819	\$ 445,463	\$ -	\$ -	\$ (2,169,356)
Permitting and Enforcement	365,820	251,895	-	-	(113,925)
Public Safety	577,176	-	-	-	(577,176)
Police Department	9,921,181	427,882	307,951	-	(9,185,348)
Public Works	2,472,124	21,110	15,074	-	(2,435,940)
Road Maintenance	154,953	-	535,482	-	380,529
Sanitation	1,131,591	-	-	-	(1,131,591)
Economic Development	456,756	-	-	-	(456,756)
Museum	131,518	-	-	-	(131,518)
Parks and Recreation	1,289,851	485,036	-	-	(804,815)
Senior Citizens	382,370	242,107	-	-	(140,263)
Special Projects	702,425	-	-	1,243,576	541,151
Compensated Absences	519,121	-	-	-	(519,121)
Debt Service	115,750	-	-	-	(115,750)
Depreciation not allocated elsewhere	1,377,607	-	-	-	(1,377,607)
Total Governmental Activities	22,213,062	1,873,493	858,507	1,243,576	(18,237,486)
Total Primary Government	\$ 22,213,062	\$ 1,873,493	\$ 858,507	\$ 1,243,576	\$ (18,237,486)
Changes in Net Assets:					
Net Expense		\$ (18,237,486)			
General Revenues:					
Taxes:					
Property Taxes		\$ 3,914,804			
Occupational Tax		13,588,686			
Insurance Tax		2,977,707			
Franchise Tax		152,762			
Public Service Assessment		14,825			
Intergovernmental Revenue		1,741			
Interest Income		19,233			
Sale of Surplus Property		104,042			
Other Income		115,649			
Total General Revenues		20,889,449			
Change in Net Position		2,651,963			
Net Position - July 1, 2016		29,071,463			
Prior Period Adjustment		(153,645)			
Net Position - June 30, 2017		\$ 31,569,781			

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	GOVERNMENTAL FUND TYPES			Total Governmental Funds
	General Fund	Road Fund	Severance Fund	
ASSETS				
Cash	\$ 6,884,332	\$ 389,292	\$ 1,214,560	\$ 8,488,184
Investments	1,470,604	-	819,028	2,289,632
Receivables	4,367,249	49,767	-	4,417,016
Prepaid Expenses	-	-	-	-
Total Assets	12,722,185	439,059	2,033,588	15,194,832
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	578,537	220,017	-	798,554
Payroll Taxes and Withholdings Payable	434,878	-	-	434,878
Accrued Payroll	141,448	-	-	141,448
User Deposits	114,509	-	-	114,509
Total Liabilities	1,269,372	220,017	-	1,489,389
Deferred Inflows of Resources:				
License Fees Received in Advance	25,092	-	-	25,092
Unavailable Revenue	152,785	-	-	152,785
Total Deferred Inflows of Resources	177,877	-	-	177,877
Fund Balances:				
Restricted	408,791	219,042	-	627,833
Assigned	2,051,253	-	2,033,588	4,084,841
Unassigned	8,814,892	-	-	8,814,892
Total Fund Balances	11,274,936	219,042	2,033,588	13,527,566
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,722,185	\$ 439,059	\$ 2,033,588	\$ 15,194,832

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
RECONCILIATION OF TOTAL FUND BALANCE, GOVERNMENTAL FUNDS
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Reconciliation of Total Fund Balance, Governmental Funds to Net Position of Governmental Activities:

Total Fund Balances, Governmental Funds			\$ 13,527,566
Amounts reported for governmental activities in the statement of net position are different because of the following:			
Certain property tax revenue is earned but not available and therefore are shown as unavailable revenue in the fund financial statements			152,785
Fixed assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation			40,764,643
Deferred outflows/inflows of resources related to pensions are not reported in the fund financial statements			
Deferred outflows of resources related to pensions	4,549,980		
Deferred inflows of resources related to pensions	<u>(64,137)</u>		4,485,843
Interest costs on long-term debt are reported as an expenditure in the fund financial statements at the time the payment is made; however, those costs are accrued at year end in the government-wide financial statements.			(35,278)
Long-term obligations are not due and payable in the current period and therefore are not reported in the fund financial statements.			<u>(27,325,778)</u>
Net Position of Governmental Activities			<u><u>\$ 31,569,781</u></u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	GOVERNMENTAL FUND TYPES			Totals Governmental Funds
	General Fund	Road Fund	Severance Fund	
REVENUE				
Property Tax	\$ 3,926,199	\$ -	\$ -	\$ 3,926,199
Occupational Tax	13,588,686	-	-	13,588,686
Insurance Premium Tax	2,977,707	-	-	2,977,707
Franchise Tax	152,762	-	-	152,762
Public Service Assessments	14,825	-	-	14,825
Code Enforcement Violations	71,791	-	-	71,791
Intergovernmental	283,976	535,482	-	819,458
License and Permits	573,351	-	-	573,351
Charge for Service	1,204,995	-	-	1,204,995
Grants	1,283,766	-	-	1,283,766
Interest Income	9,747	393	9,094	19,234
Other Income	124,762	14,842	-	139,604
Total Revenue	24,212,567	550,717	9,094	24,772,378
EXPENDITURES				
General Government				
Administration	1,358,362	-	-	1,358,362
Permitting and Enforcement	336,985	-	-	336,985
Insurance	679,542	-	-	679,542
Revenue Department	367,878	-	-	367,878
Total General Government	2,742,767	-	-	2,742,767
Public Safety:				
Ambulance Service	24,060	-	-	24,060
Civil Service	469	-	-	469
Police Department	8,816,031	-	-	8,816,031
Street Lights	552,647	-	-	552,647
Total Public Safety	9,393,207	-	-	9,393,207
Public Works	2,185,826	-	-	2,185,826
Road Maintenance	-	154,953	-	154,953
Sanitation	1,131,591	-	-	1,131,591
Economic Development	433,031	-	-	433,031
Museum	120,341	-	-	120,341
Parks and Recreation	825,952	-	-	825,952
Senior Citizens	373,599	-	-	373,599
Special Projects	702,425	-	-	702,425
Compensated Absences	266,930	-	-	266,930
Debt Service	993,740	-	-	993,740
Capital Outlay	2,883,532	462,829	-	3,346,361
Total Expenditures	22,052,941	617,782	-	22,670,723
Excess of Revenues over Expenditures	2,159,626	(67,065)	9,094	2,101,655

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

	GOVERNMENTAL FUND TYPES			Totals Governmental Funds
	General Fund	Road Fund	Severance Fund	
OTHER FINANCING SOURCES (USES)				
Sale of Surplus Property	110,879	-	-	110,879
Transfer In	125,130	-	250,000	375,130
Transfer Out	(250,000)	-	(125,130)	(375,130)
Total Other Financing Sources (Uses)	(13,991)	-	124,870	110,879
Net Change in Fund Balances	2,145,635	(67,065)	133,964	2,212,534
Fund Balances Beginning of Year	9,128,679	286,107	1,899,624	11,314,410
Prior Period Adjustment	622	-	-	622
Fund Balances End of Year	<u>\$ 11,274,936</u>	<u>\$ 219,042</u>	<u>\$ 2,033,588</u>	<u>\$ 13,527,566</u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
RECONCILIATION OF THE NET CHANGES IN FUND BALANCES - TOTAL
GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION OF
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Reconciliation of the net changes in fund balances - total governmental funds to the change in net position of governmental activities:

Net Change in Fund Balances - Total Governmental Funds		\$	2,212,534
Amounts reported for governmental activities in the statement of activities are different because:			
Certain property taxes will not be collected for several months after the City's fiscal year ends, therefore they are not considered "available" revenue and are not recorded as such in the fund financial statements. Unavailable tax revenues decreased by this amount this year			(11,393)
Since governmental activities report expenditures for capital assets in the statement of net assets, when the underlying asset is sold, its book value has to be removed and is netted against the proceeds shown in the statement of activities. Reduction in proceeds for book value of assets sold			(6,837)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:			
Capital asset purchases capitalized	\$	3,346,360	
Depreciation expense		<u>(2,455,698)</u>	890,662
Repayment of principal on debt is an expenditure in the fund financials, but reduces the liability in the statement of net position. Repayment of principal on long-term obligations			873,406
Compensated absences are shown as a long-term obligation in the government-wide financial statements, but are not recognized as a liability in the fund financial statements, as such the change in the liability from year to year is recognized only in the statement of activities. Net increase in compensated absence balance			(237,008)
Pension expense in the fund financial statements are based on amounts paid into the retirement plan during the current fiscal year. Pension expense in the government-wide financial statements are based on the measurement date of the net pension liability which was June 30, 2016. Net increase in government-wide pension expense			(1,073,984)
Interest costs associated with long-term debt obligations are accrued at year end in the government-wide financial statements, whereas that cost is not recognized in the fund financials until the amount comes due and payable. Accrued interest expense changed			<u>4,583</u>
Change in Net Position of Governmental Activities		\$	<u><u>2,651,963</u></u>

See the accompanying notes to the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Jeffersontown, Kentucky (the City) is a home-rule city with a population in excess of 20,000 located in Jefferson County, Kentucky. The City provides the following services authorized by its charter: police, sanitation, economic development, street maintenance, and recreation.

All significant activities and organizations on which the City of Jeffersontown, Kentucky exercises oversight responsibility have been included in the City's financial statements, for the year ended June 30, 2017. The following criteria regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

Financial interdependency - The City is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the City.

The City is organized pursuant to KRS 83A.130 as a mayor-council plan city. As such, the executive authority of the City is vested with the Mayor, subject to disapproval by the Council, the Mayor promulgates procedures to insure orderly administration of the functions of city government and compliance with statutes and ordinances. All bonds, notes, contracts and written obligations of the City are made and executed by the Mayor.

The Council serves as a legislative body, and is prohibited from performing any executive functions except those functions assigned to it by statute. It is required by statute to provide by ordinance sufficient revenue to operate city government and appropriate the funds of the City in a budget which shall provide for the orderly management of City resources.

Accountability of fiscal matters - The responsibility and accountability over all funds is vested in the City management.

After consideration of the above criteria, no additional entities are deemed to be component units of the City.

Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the City are classified as governmental activities; the City has no business-type activities.

Government-wide Financial Statements:

These financial statements display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds.

In the statement of net position, the governmental activities columns is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements - Continued

Government-wide Financial Statements - continued:

The statement of activities reports both the gross and net cost of each of the City's functions (administration, police, civil service, public works, etc.). The functions are also supported by general government revenues (property taxes, insurance, taxes, occupational taxes and certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (administration, police, civil service, public works, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, insurance taxes, occupational taxes and certain intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs and all interfund activity is eliminated in the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements:

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds, except that the primary operating fund of the City, the general fund, is always considered major. Those criteria for evaluation of all other funds are as follows:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The City does not have any business-type activities nor does it present any funds as nonmajor in the financial statements.

The funds of the financial reporting entity are described below:

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Basic Financial Statements - Continued

Fund Financial Statements - Continued:

Governmental Type Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The City reports these major governmental funds and fund types:

General Fund - The general fund is the City's primary operating fund. It is used to account for and report all financial resources except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The City utilized the following special revenue funds:

Road Fund – Used to account for state road funds that are allocated to the City by the State of Kentucky.

Severance Fund – Used to account for funds from both a 2008 debt issue to help the City meet the financial obligations it has to retiring employees and for funds set aside annually by the City for the same purpose.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Property taxes are reported in the period for which levied. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Measurement Focus and Basis of Accounting - Continued

Basis of Accounting - Continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, employee vacation and sick leave, which are recorded when due.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

Encumbrances

The City does not employ encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation.

Cash and Cash Equivalents

The City considers all cash in bank and highly liquid investments with a maturity of ninety days or less to be cash and cash equivalents.

Investments

Investments of the primary government are valued at fair market value. Additionally, all investments of the primary government comply with the Kentucky Revised Statutes concerning the types of investments allowed.

Inventories

Disbursements for inventory type items are considered expenditures at the time of purchase.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, insurance taxes and occupational taxes.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, insurance tax, occupational tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions, collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Receivables - Continued

The City considers all receivables to be fully collectible, with the exception of code enforcement receivables described below.

The City has a code enforcement board that can assess fines against property owners and businesses who are found to be in violation of city ordinances. These fines are enforced by placing liens against real property or other assets, such as equipment, in the case of a business. As the code enforcement board has, as established by ordinance, the authority to waive all or part of any fine assessed upon remedy of the underlying violation the City has determined that any receivables recorded for code enforcement fines assessed would need to be significantly reduced through the use of an allowance account to reflect the actual amount the City would receive. The amount of such an allowance is not reasonably estimable and therefore the remaining amount of any associated revenue would not meet the measurable criteria for revenue recognition. As such the City does not recognize any revenue from these fines until an amount is actually received from the individual or business when the lien is removed. The City believes this treatment results in the most accurate recognition of revenue in the financial statements.

Fixed Assets

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. For financial reporting purposes, the City has decided to only capitalize individual assets with a value of \$5,000 or greater. Fixed assets are not reported on the fund financial statements.

Prior to July 1, 2002, infrastructure assets were not capitalized. The City engaged the services of a local engineering firm to inventory and value the roads and bridges that comprise the City's infrastructure. Starting on July 1, 2002 the City is required to keep a record of all infrastructure assets placed in service from that date forward.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings	up to 40 years
Improvements	up to 20 years
Machinery and Equipment	5 to 15 years
Infrastructure	10 to 25 years

Due to and Due From Other Funds

Interfund receivables and payables are recorded by all funds in the period in which transactions are executed on the fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Deferred Inflow/Outflow of Resources

Deferred Outflows:

The City reports decreases in net position/fund balances that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position / fund financials balance sheet – governmental funds. Deferred outflows of resources reported in the government-wide financial statements consisted of contributions made to Kentucky Retirement Systems between the measurement date of the net pension liabilities from those plans and the end of the City's fiscal year as well as other amounts related to pensions. No deferred outflows of resources affected the fund financial statements in the current fiscal year.

Deferred Inflows:

The City reports increases in net position/fund balances that related to future periods as deferred inflows of resources in a separate section of its government-wide statement of net position / fund financials balance sheet – governmental funds. Deferred inflows of resources reported in this year's government-wide financial statements consist of amounts received under the City's requirement of business selling alcohol to obtain a license as well as amounts related to pensions.

The City has two types of deferred inflows of resources which are reported in the fund financial statements and they are as follows:

- a) The City requires business selling alcohol to obtain a license. In order to ensure there is no disruption in sales, many businesses pay this license fee in advance of the actual effective date of the license.
- b) Certain governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly deferred property taxes and code enforcement fines are reported in the fund financials balance sheet – governmental funds as unavailable revenue.

Accounts Payable

Accounts payable consist of trade payable to vendors who provide goods and services to the City.

Compensated Absences

City policies regarding vacation and sick time permit employees to accumulate earned but unused time. Amounts earned each year and available for carryover depend on hire date and length of service. The City is currently reporting the accumulation of resources for this future obligation in the severance fund.

Long-term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. Long-term debt consists primarily of bond/debt agreement obligations, capital lease obligations, and accrued compensated absences.

Long-term debt of governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payments of principal and interest are reported as debt service expenditures.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Equity Classifications

Government-Wide Statements

The City reports the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources as net position. Net position is divided into three categories defined as follows:

Government-Wide Statements – Continued

- a. Net Investment in Capital Assets – Consists of the historical cost of capital assets including restricted capital assets, less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows or resources less deferred inflows of resources related to those assets.
- b. Restricted net position – Consist of assets that are restricted by the City's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), by other contributors, or by enabling legislation.
- c. Unrestricted net position – Balance of net position not meeting the requirements of the other two categories.

Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by the City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council.
- d. Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval by City Council.
- e. Unassigned – All amounts not included in other spendable classification.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City Council considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided for otherwise.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -CONTINUED

Property Tax Revenue

The City assesses property taxes at the rate of .1409 per \$100 of assessed property value on January 1st of each calendar year and taxes are due and payable by December 31st of the same year. Bills are mailed on or before the 1st of October and any bills paid prior to October 31st are allowed a 2% discount. Bills paid between November 1st and December 31st are not allowed a discount or subject to a penalty. All bills paid after December 31st are charged a 6% penalty plus interest at the rate of 6% per annum until paid. The City has no formal date for filing liens.

Occupational License Tax

The City imposes a tax of 1% of wages on persons who work within the City of Jeffersontown in any business, profession, trade or occupation. Such amounts are to be withheld from the employee's wages and remitted quarterly with a completed payroll tax return detailing total wages and tax withholdings.

Insurance Premium Tax

The City imposes a tax of 5% on certain insurance policies in effect within the boundaries of the City. Such amounts are collected by the insurance company and remitted to the City on a quarterly basis.

Business License

The City imposes an annual license fee of \$75.00 on all persons, firms or organizations engaged in any trade or business profession operating in the City for profit or gain.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, governmental fund expenditures are classified by character: current, debt service, and capital outlay. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Transfers

The permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers and shown as transfers in/out on the fund financials statements. In the government-wide financials all interfund transfers between governmental funds have been eliminated.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities at the date of the financial statements and the classifications and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE B - DEPOSITS AND INVESTMENTS

Under Kentucky Revised Statutes the City is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized. The City typically invests surplus cash at local banks in the form of certificates of deposit, savings accounts, and money market accounts. Presently, the City's investments consist solely of certificates of deposits held with local financial institutions.

Custodial Credit Risk – this is the risk that in the event of the failure of a counterparty (e.g., a bank) the City will not be able to recover the full value of its deposits or investments. It is the City's policy to minimize this risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, and advisors and diversifying the investment portfolio so that potential losses will be minimized. The City had exposure at June 30, 2017 to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured but collateral held by pledging bank	6,306,991
Uninsured but collateral held by pledging bank's trust department not in City's name	1,696,706
	<u>\$ 8,003,697</u>

Concentration of Credit Risk – this is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has addressed this risk by purchasing investments that are secured by FDIC insurance and spreading City funds between multiple financial institutions.

Interest Rate Risk – this is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The City has attempted to address this risk by diversifying the maturity dates to minimize the risk of loss should interest rates rise.

The City is party to a repurchase agreement with a local financial institution. Under this agreement, excess funds of the City are used to purchase obligations of the United States Government; these obligations are subsequently repurchased from the City for their original cost plus interest. The financial institution handles all of the activity under this agreement for the City and the City has access to all funds obligated under this agreement at any time. Statutes require that repurchase agreements be collateralized at 102% of the market value of the obligations acquired under the repurchase agreement. The City had \$4,714,663 of its funds under this agreement at June 30, 2017.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE C – RECEIVABLES

Receivables at June 30, 2017 consisted of the following:

Receivable Type	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Road Fund
Property Tax	\$ 162,480	\$ 162,480	\$ -
Occupational Tax	3,157,325	3,157,325	-
Insurance Tax	707,734	707,734	-
KLEFPF (Police Incentive)	21,995	21,995	-
Grants Receivable	317,715	317,715	-
Municipal Road Aid	49,767	-	49,767
Total Receivables	<u>\$ 4,417,016</u>	<u>\$ 4,367,249</u>	<u>\$ 49,767</u>

NOTE D – FIXED ASSETS

Fixed asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 1,124,197	\$ -	\$ -	\$ 1,124,197
Construction in Progress	5,361,068	1,478,099	677,222	6,161,945
Total non-depreciable assets	<u>6,485,265</u>	<u>1,478,099</u>	<u>677,222</u>	<u>7,286,142</u>
Depreciable Assets:				
Buildings and Improvements	9,183,982	139,610	25,128	9,298,464
Machinery and Equipment	3,345,016	201,274	524,092	3,022,198
Vehicles	4,315,136	628,280	480,153	4,463,263
Land Improvements	1,547,381	677,222	-	2,224,603
Infrastructure	63,447,105	918,557	-	64,365,662
Total depreciable assets	<u>81,838,620</u>	<u>2,564,943</u>	<u>1,029,373</u>	<u>83,374,190</u>
Total fixed assets	<u>88,323,885</u>	<u>4,043,042</u>	<u>1,706,595</u>	<u>90,660,332</u>
Accumulated Depreciation:				
Buildings and Improvements	4,279,890	291,013	25,128	4,545,775
Machinery and Equipment	2,414,932	247,236	521,472	2,140,696
Vehicles	3,063,796	441,301	475,936	3,029,161
Land Improvements	933,596	98,541	-	1,032,137
Infrastructure	37,770,313	1,377,607	-	39,147,920
Total accumulated depreciation	<u>48,462,527</u>	<u>2,455,698</u>	<u>1,022,536</u>	<u>49,895,689</u>
Governmental activities fixed assets, net	<u>\$ 39,861,358</u>	<u>\$ 1,587,344</u>	<u>\$ 684,059</u>	<u>\$ 40,764,643</u>

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE D – FIXED ASSETS – CONTINUED

Depreciation expense of \$2,455,698 was allocated to the various functions on the statement of activities as follows:

Governmental Activities	
Administration	\$ 97,028
Police	377,332
Public Works	150,933
Economic Development	10,781
Parks and Recreation	442,017
Infrastructure	1,377,607
Total	<u>\$ 2,455,698</u>

NOTE E – LONG-TERM OBLIGATIONS

A summary of long-term liabilities and the corresponding activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 681,404	\$ -	\$ 681,404	\$ -	\$ -
Capital Lease Obligation	4,836,199	-	192,002	4,644,197	887,273
Compensated Absences	2,788,709	473,541	236,533	3,025,717	600,000
Pension Obligation	17,518,669	2,137,195	-	19,655,864	-
Total Governmental Activities	<u>\$ 25,824,981</u>	<u>\$ 2,610,736</u>	<u>\$1,109,939</u>	<u>\$ 27,325,778</u>	<u>\$1,487,273</u>

Notes Payable:

General Obligation Unfunded Liability Refunding Note, Series 2013

In November 2013, the City entered into an agreement with Republic Bank & Trust Company to borrow \$2,694,814 to retire the 2008 Severance Issue which was originally issued in the amount of \$2,805,000 and used to create an escrow account from which to extinguish amounts owed to City employees for unused vacation and sick time. This refunding note bears interest at a rate of 1.40% and requires annual payments of principal and interest, in the amount of \$691,076, starting on March 1, 2014, with the final payment due on March 1, 2017. This obligation was paid off during this fiscal year as scheduled.

Capital Lease Obligations:

Refunding Lease Agreement

In November 2013, the City entered into an 8 year lease agreement with Republic Bank & Trust Company in the amount of \$5,470,759. The proceeds of this lease agreement were used to retire the 2000 KLC Funding Trust Agreement, which was originally issued for \$6,625,000, and to legally defease the 2005 Series A Bonds, which were originally issued for \$5,730,000. The proceeds from these old agreements were used to refinance old debt agreements and for new capital projects within the City. The refunding lease bears interest at a rate of 2.260%

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE E – LONG-TERM OBLIGATIONS - CONTINUED

Capital Lease Obligations - Continued:

Refunding Lease Agreement - Continued

and requires annual payments of \$302,817 for the first four years due on March 1st of each year, followed by annual payments of \$993,690 for the remaining four years also due on March 1st of each year. Payments started on March 1, 2014 and the final payment is due on March 1, 2022. Total future minimum payments due under this agreement are \$4,968,447 at June 30, 2017.

The annual debt service requirements to maturity for these two lease agreements are as follows:

Fiscal Year Ending	Capital Lease Obligations	
	Principal	Interest
2018	\$ 887,273	\$ 106,417
2019	907,604	86,086
2020	928,221	65,468
2021	949,669	44,020
2022	971,430	22,259
Totals (1)	<u>\$ 4,644,197</u>	<u>\$ 324,250</u>

(1) For the capital lease shown above, the total of principal and interest components equals the required minimum payments for the periods shown, and total principal equals the net present value of these leases.

Interest incurred under the note payable and capital lease obligations, and shown as an expense at June 30, 2017 is \$115,750 in the government wide financial statements and \$120,334 in the fund financials.

Compensated Absences:

Compensated absences represent the amounts due to employees of the City for unused vacation and sick time. The City calculates this amount in accordance with current accounting standards. Due to the nature of this obligation and the unpredictability of when an employee's service with the City may end, the City estimates the current obligation for this liability at 12.5% of the estimated amount owed as of June 30th. Actual amounts paid out may differ from this estimate in any given year, but the City feels any such difference would not be material to the financial statements.

Pension Obligation:

As further discussed in Note I, the City is now required to report a liability for pension obligations.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE F – NET POSITION / FUND BALANCES

At June 30, 2017, net position in the government-wide financial statements was composed of the following:

Net Investment in Capital Assets:	
Fixed Assets, Net	\$ 40,764,643
Less:	
Capital Lease Obligations	(4,644,197)
Net Investment in Capital Assets	<u>36,120,446</u>
Restricted:	
Police Department	408,791
Roads	219,042
Severance Pay	<u>2,033,588</u>
Restricted Net Position	<u>2,661,421</u>
Unrestricted	<u>(7,212,086)</u>
Total Net Position	<u><u>\$ 31,569,781</u></u>

At June 30, 2017, fund balances as shown in the fund financial statements was composed of the following:

Classification	General Fund	Road Fund	Severance Fund
Restricted:			
By enabling legislation for police	\$ 408,791	\$ -	\$ -
By enabling legislation for roads	-	219,042	-
Assigned:			
By budgetary allocation for severance payouts	-	-	2,033,588
By designation for capital outlay	1,599,798	-	-
By passage of next year's budget	451,455	-	-
Unassigned	8,814,892	-	-
Total Fund Balances	<u><u>\$ 11,274,936</u></u>	<u><u>\$ 219,042</u></u>	<u><u>\$ 2,033,588</u></u>

NOTE G - INTERGOVERNMENTAL REVENUE

Under the provisions of state law, the Commonwealth of Kentucky reimbursed the City for police training and other miscellaneous operating costs during the year ended June 30, 2017 that are recorded in the General Fund.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE H – OPERATING LEASES

The City has entered into two agreements to lease municipal property owned by the City. The details of those agreements are as follows:

Louisville Free Public Library

Starting on July 1, 2012, the City entered into an agreement to lease a building to the Louisville/Jefferson County Metro Government on behalf of The Louisville Free Public Library for operation of a public library facility within the City. The initial term of the lease was for one year expiring on June 30, 2013. The tenant had 4 one year options to renew the lease starting on July 1, 2013 and ending on June 30, 2017. The lease requires the tenant to notify the City 60 days in advance of the expiration of the term of the lease if they do not plan to exercise the annual renewal option. The tenant did opt to renew the lease through June 30, 2017. The lease requires an annual rental payment of \$1 in advance of the lease term along with an annual \$12,000 maintenance fee also due in advance of the lease term. The maintenance fee is paid in consideration of the City assuming “major” maintenance obligations on the building.

Starting on July 1, 2017, the City and Louisville/Jefferson Metro Government entered into a new agreement for the continued operation of the library. The initial term of the new lease is for one year with 4 one year options to renew. The lease requires an annual rental payment of \$1 along with an annual \$13,200 maintenance fee in the first year as well as years 1 through 4 of the renewal period.

County Clerk’s Office

Starting on July 1, 2015, the City entered into an agreement to lease a building to the Louisville/Jefferson County Metro Government for the operation of a branch of the Jefferson County Clerk’s Office within the City. The initial term of the lease was for one year expiring on June 30, 2016. The tenant has 9 one year options to renew the lease starting on July 1, 2016 and ending on June 30, 2025. The lease was renewed for one additional year ending June 30, 2017. The lease requires the tenant to notify the City 60 days in advance of the expiration of the term of the lease if they do not plan to exercise the annual renewal option. The lease requires monthly payments of \$1,621.08 for the first year as well as for the first four renewal periods. Payments in renewal periods five through nine will be \$1,852.67.

Future minimum payments to be received under these agreements for fiscal years ending June 30th are as follows:

2018	\$ 32,654
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The City has entered into several leases for office equipment used at various facilities throughout the City. These leases have cancellation provisions and are subject to annual appropriations. For the year ended June 30, 2017 expenditures under these agreements totaled \$7,296.

Future minimum payments to be made under these agreements for fiscal years ending June 30th are as follows:

2018	\$ 7,198
2019	\$ 6,120
2020	\$ 6,120
2021	\$ 5,130

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I – EMPLOYEE RETIREMENT SYSTEM

The City has elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. The plan issues separate financial statements, which may be obtained by request from Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601, or by calling (502) 696-8900, or at <https://kyret.ky.gov>.

General Information about the Pension Plan

Plan Description

CERS is a cost sharing, multiple employer defined benefit pension plan which covers all eligible full-time employees in both non-hazardous and hazardous positions of each county, city, school board, and any additional eligible local agencies electing to participate in CERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Benefit contributions and provisions are established by statute.

Prior to July 1, 2009, cost-of-living adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgement, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Non-hazardous Benefits

Non-hazardous covered employees who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 5-high creditable compensation years with a minimum of 48 months and a minimum of five fiscal years. Final compensation is determined by dividing the total salary earned during the 5-high years by the number of months worked, then multiplying by twelve. Non-hazardous members age 65 or older, or with 27 or more years of service are eligible to retire and receive unreduced benefits. Any non-hazardous member, age 55, with a minimum of five years of service may retire with a reduction in benefits.

For non-hazardous members who began contributing to CERS on or after September 1, 2008, any member age 57 or older, may retire with no reduction in benefits if the member's age and years of service equal 87. In addition, a member, age 65, with at least 60 months of service may retire with no reduction in benefits. A member, age 60 or older, with at least 120 months of service credit may retire at any time with a reduction of benefits.

For non-hazardous members who began contributing to CERS on or after January 1, 2014 are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the board based on a members accumulated account balance. This group of members are not eligible for reduced retirement benefits.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

General Information about the Pension Plan - Continued

Hazardous Benefits

Hazardous covered employees who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 3-high creditable compensation years with a minimum of 24 months and a minimum of three fiscal years. Final compensation is determined by dividing the total salary earned during the 3-high years by the number of months worked, then multiplying by twelve. Hazardous members age 55 or older, or with 20 or more years of service are eligible to retire and receive unreduced benefits. Any hazardous member, age 50, with a minimum of fifteen years of service may retire with a reduction in benefits. For hazardous members who began contributing to CERS on or after September 1, 2008, any member age 60 or older with 60 months of service or a member with 25 years of service, may retire with no reduction in benefits. A member, age 50 or older, with at least 180 months of service credit may retire at any time with a reduction of benefits. Hazardous members who began contributing to CERS on or after January 1, 2014 are also eligible to retire at any age with 25 years of service or at age 60 with 5 years of service. Members in this class are not eligible for reduced retirement benefits.

Non-hazardous Contributions

For the year ending June 30, 2017, all covered employees who began participating before September 1, 2008, are required to contribute 5 percent of their annual creditable compensation to the plan. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2017, participating employers contributed 18.68% of each employee's creditable compensation, which was the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, covered employees who began participating on, or after, September 1, 2008 were required to contribute a total of 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 102 KAR 1:420E). Interest is paid each June 30th on covered employees' accounts at a rate of 2.5%. If a covered employee terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of the annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, covered employees who began participating on, or after, January 1, 2014, were required to participate in the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Covered employees in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous covered employees contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the covered employee's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

General Information about the Pension Plan - Continued

Non-hazardous Contributions - Continued

contributes a set percentage of the covered employee's compensation. Each month, when employer contributions are received, an employer pay credit is deposited to the covered employee's account. A covered employee's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contributions to the non-hazardous pension plan from the City were \$564,350 for the year ended June 30, 2017.

Hazardous Contributions

For the year ending June 30, 2017, all covered employees who began participating before September 1, 2008, are required to contribute 8 percent of their annual creditable compensation to the plan. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2017, participating employers contributed 31.06% of each employee's creditable compensation, which was the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, covered employees who began participating on, or after, September 1, 2008 were required to contribute a total of 9% of their annual creditable compensation. Eight percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 102 KAR 1:420E). Interest is paid each June 30th on covered employees' accounts at a rate of 2.5%. If a covered employee terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 8% of the annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, covered employees who began participating on, or after, January 1, 2014, were required to participate in the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Covered employees in the plan contribute a set percentage of their salary each month to their own account. Hazardous covered employees contribute 8% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the covered employee's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the covered employee's compensation. Each month, when employer contributions are received, an employer pay credit is deposited to the covered employee's account. A covered employee's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contributions to the hazardous pension plan from the City were \$1,377,585 for the year ended June 30, 2017.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

General Information about Insurance Benefits

Plan Description

The Kentucky Retirement Insurance Fund (Fund) was established to provide hospital and medical insurance for covered employees from KERS, CERS, and SPRS. The Fund pays a prescribed contribution of the whole or partial payment of required premiums to purchase hospital and medical insurance. The Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

Insurance Benefits

For covered employees participating prior to July 1, 2003, the amount of contribution paid for hospital and medical insurance is based on the years of service and respective percentages of the maximum contribution as follows:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>	<u>% Paid by Member through Payroll Deduction</u>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003, earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment (COLA), which is updated annually due to changes in the Consumer Price Index for all urban consumers. This benefit is not protected under the inviolable contract provisions of the Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Insurance Contributions

In prior years, the employer's required medical insurance contribution was being increased annually by a percentage that would result in advance-funding the medical liability on an actuarially determined basis using the entry age normal cost method within a 20-year period measured from 1987. In November 1992, the Board of Trustees adopted a fixed percentage contribution rate and suspended future increases under the current medical premium funding policy until the next experience study could be performed. In May 1996, the Board of Trustees adopted a policy to increase the insurance contribution rate by the amount needed to achieve a target rate for the full entry age normal funding within 20 years.

The Board elected to contract with Humana Insurance Company to provide healthcare benefits to KRS's retirees through a fully-insured Medicare Advantage Plan. The Humana Medicare Advantage Plan became effective January 1, 2013.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources Related to Pensions

Pension Liabilities

At June 30, 2017 the City recognized a liability of \$19,655,864 (\$5,805,936 non-hazardous and \$13,849,928 hazardous) for its proportionate share of the CERS net pension liability. The City's net pension liability was measured as of June 30, 2016, as allowed by standards, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions to the pension plan (\$564,350 non-hazardous and \$1,377,585 hazardous) relative to the total contributions of all participants in the respective non-hazardous and hazardous retirement plans. At June 30, 2016 the City's share of the non-hazardous net pension liability was .117920% which an increase of .001083% from the figure of .116837% in the prior period. The City's share of the hazardous net pension liability at June 30, 2016 was .807133% which is a decrease of .006833% from the figure of .813966% in the prior period.

Pension Payable/Expense

At June 30, 2017 the City owed Kentucky Retirement Systems \$269,711 for both non-hazardous and hazardous pension withholdings and the City's required matching contribution for the month of June 2017. This payment was made in July 2017.

For the year ended June 30, 2017, the City recognized pension expense of \$1,028,178 for non-hazardous and \$1,987,740 for hazardous covered employees in the statement of activities.

Deferred Inflows/Outflows of Resources

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous		Hazardous	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,347	\$ -	\$ 199,753	\$ -
Change of assumptions	307,567	-	794,767	-
Net difference between projected and actual earnings on plan investments	545,817	-	1,168,366	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,011	-	62,011	64,137
City's contributions to the plan subsequent to the measurement date	421,451	-	962,890	-
Totals	<u>\$ 1,362,193</u>	<u>\$ -</u>	<u>\$ 3,187,787</u>	<u>\$ 64,137</u>

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Deferred Inflows/Outflows of Resources – Continued

The schedule above includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include the differences between expected and actual earnings on investments as well as contributions made after the measurement date. If the amounts serve to reduce pension expense they are labeled deferred inflows. If they will increase pension expense they are labeled deferred outflows.

The amounts reported in the table as deferred outflows of resources related to plan contributions made subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows / inflows will be recognized in pension expense as follows:

	Non-Hazardous	Hazardous
Year 1	\$ 367,472	\$ 560,513
Year 2	239,317	560,513
Year 3	212,694	777,139
Year 4	121,259	262,595
Year 5	-	-
Thereafter	-	-
Total	<u>\$ 940,742</u>	<u>\$ 2,160,760</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increase	4.0%, average, including inflation
Investment Rate of Return	7.50 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected return on system assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data and a log-normal

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Actuarial Assumptions - Continued

distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class (see chart below). These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocations and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined Equity	44.00%	5.40%
Combined Fixed Income	19.00%	1.50%
Real Return (Diversified Inflation Strategies)	10.00%	3.50%
Real Estate		
Absolute Return (Diversified Hedge Funds)	5.00%	4.50%
	10.00%	4.25%
Private Equity	10.00%	8.50%
Cash Equivalent	2.00%	-0.25%
	<u>100.00%</u>	

Since the prior measurement date, the demographic and economic assumptions that affect the measurement date of the total pension liability have not been updated.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The discount rate determination does not use a municipal bond rate. Projected future benefit payments for all current plan members were projected through 2117.

The following table presents the City's net pension liability, calculated using the discount rate of 7.50%, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) and 1 percentage point higher (8.50%) than the current rate.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT SYSTEM - CONTINUED

Discount Rate - Continued

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Non-Hazardous	\$ 7,235,152	\$ 5,805,936	\$ 4,580,837
Hazardous	\$ 17,399,542	\$ 13,849,928	\$ 10,922,101

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE J - DEFERRED COMPENSATION

The City allows all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employee's Deferred Compensation Authority is authorized under KRS 18A.230 and 148A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensations Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensations Authority at 110 Sea Hero Road, Suite 101, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

NOTE K - INTERFUND TRANSFERS

The following interfund transfers took place during this fiscal year:

Fund Transferred From	Fund Transferred To			
	General Fund	Road Fund	Severance Fund	Purpose
General Fund	\$ -	\$ -	\$ 250,000	Budgetary transfer
Severance Fund	125,130		-	Compensated absence payments
	<u>\$ 125,130</u>	<u>\$ -</u>	<u>\$ 250,000</u>	

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE L – CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public's interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City, the State of Kentucky, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Thus the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2017, there were seven series of industrial revenue bonds outstanding as well as one educational and recreational revenue bond. The City does receive statements showing debt service payments on these bonds; however, the City has no process in place to track the outstanding balance.

NOTE M – TAX ABATEMENT

The City has four programs through which tax abatements are provided:

Property Tax Reassessment Moratorium – This program is a five (5) year moratorium on real property assessment or reassessment. The moratorium is available on improvements to existing structures, which are at least 25 years old and where a minimum of 25% improvement in value is being made over the current property value administrators assessed value.

Jeffersontown Occupation Business Savings (JOBS) – This program is a financial incentive based on an inducement equivalent to 50% of the Jeffersontown Occupational Tax generated by the project over five (5) years when criteria are met. The criteria are as follows:

- a. Company have aggregate new annual payroll minimum of \$127,500.
- b. Minimum average payroll per new employee of \$42,500 per full time equivalent job.
- c. Minimum of three (3) new full time equivalent employees subject to and current with Jeffersontown Occupational Tax Code.

Kentucky Business Investment (KBI) – This program provides a flexible program for new and expanding industries. The KBI program provides income tax credits and wage assessments to new and existing agribusiness, regional and national headquarters, manufacturing companies, and nonretail service or technology-related companies that locate or expand operations in Kentucky. Qualifying businesses are required to create a minimum of 10 new, full-time jobs for Kentucky residents, incur eligible costs of at least \$100,000, and meet local wage criteria.

Manufacturing Tax Moratorium – This program permits property taxes to be abated for five (5) years for new manufacturing company locating in, or moving into, Jeffersontown; or increased value of a building/equipment for an existing manufacturing company that is expanding its operations for a new product line.

For the year ended June 30, 2017, the City abated taxes as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Property Tax Reassessment Moratorium	\$ 58,515
Jeffersontown Occupation Business Savings (JOBS)	3,186
Kentucky Business Investment (KBI)	99,579
Manufacturing Tax Moratorium	778

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE N - LITIGATION

The City is involved in various legal proceedings incidental to the normal course of business. City management is of the opinion, based upon the advice of general counsel, that although the outcome of such litigation cannot be forecast with certainty, final disposition should not have a material effect on the financial position of the City.

NOTE O - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage for each of the above risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE P – PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made to the books of the City:

Reason	Statement of Net Position	Balance Sheet - Governmental Funds		
	Governmental Activities	General Fund	Road Fund	Severance Fund
Understatement of prior year capital assets	\$ 19,460	\$ -	\$ -	\$ -
Understatement of prior cash balances	622	622	-	-
Remove code related receivables net of allowance	(173,727)	-	-	-
	<u>\$ (153,645)</u>	<u>\$ 622</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE Q – IMPLEMENTATION OF GASB PRONOUNCEMENTS

The City prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a listing of standards implemented during this fiscal year and schedule for implementation in the future.

Pronouncements Scheduled to be Adopted in this Fiscal Year:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

The provisions of this statement are effective for fiscal years beginning after June 15, 2016 with earlier adoption encouraged. This standard is intended to improve the usefulness of information provided about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental plans for making decisions and assessing accountability.

GASB Statement No. 77, Tax Abatement Disclosures

The provisions of this statement are effective for fiscal years beginning after December 15, 2015 with earlier adoption encouraged. This standard is meant to assist users of the City's financial statement in determining any limitations on its revenue raising capacity resulting from programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the City or its citizens.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE Q – IMPLEMENTATION OF GASB PRONOUNCEMENTS

Pronouncements Scheduled to be Adopted in this Fiscal Year (Continued):

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

The provisions of this statement are effective for fiscal years beginning after December 15, 2015 with earlier adoption encouraged. This standard is meant to clarify the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*.

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14

The provisions of this statement are effective for fiscal years beginning after June 15, 2016 with earlier adoption encouraged. This standard is meant to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73

The provisions of this statement are effective for fiscal years beginning after June 15, 2016 with earlier adoption encouraged. This standard is meant address certain issues that have been raised with respect to the statements referred to above.

Pronouncements Scheduled to be Adopted in Future Fiscal Years:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The provisions of this statement are effective for fiscal years beginning after June 15, 2017 with earlier adoption encouraged. This standard is intended to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions as well as improving information provided by state and local governmental employers about financial support for such benefits that is provided by other entities. The City is still determining the impact, if any, this statement will have on the financial statements.

GASB Statement No. 81, Irrevocable Split-Interest Agreements

The provisions of this statement are effective for fiscal years beginning after December 15, 2016 with earlier adoption encouraged. This standard is meant to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. At this time the City does not believe the provisions of this standard will have any impact on its financial statements.

GASB Statement No. 83, Certain Asset Retirement Obligations

The provisions of this statement are effective for fiscal years beginning after June 15, 2018 with earlier adoption encouraged. This standard is meant to address accounting and financial reporting for certain asset retirement obligations. The City is still determining the impact, if any, this statement will have on the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2017

NOTE Q – IMPLEMENTATION OF GASB PRONOUNCEMENTS

Pronouncements Scheduled to be Adopted in Future Fiscal Years (Continued):

GASB Statement No. 84, Fiduciary Activities

The provisions of this statement are effective for fiscal years beginning after December 15, 2018 with earlier adoption encouraged. This standards is meant to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. At this time the City does not believe the provisions of this standard will have any impact on its financial statements.

GASB Statement No. 85, Omnibus 2017

The provisions of this statement are effective for fiscal years beginning after June 15, 2017 with earlier adoption encouraged. This standard is meant to address practice issues that have been identified during implementation and application of certain GASB Statements as they relate to a variety of topics including goodwill, fair value measurement and postemployment benefits. The City is still determining the impact, if any, this statement will have on the financial statements.

GASB Statement No. 86, Certain Debt Extinguishment Issues

The provisions of this statement are effective for fiscal years beginning after June 15, 2017 with earlier adoption encouraged. The primary objective of this standard is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. At this time the City does not believe the provisions of this standard will have any impact on its financial statements.

GASB Statement No. 87, Leases

The provisions of this statement are effective for fiscal years beginning after December 15, 2019. The objective of this standard is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The City is still determining the impact, if any, this statement will have on the financial statements.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - GENERAL FUND
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>REVENUES</u>					
Taxes:					
Property Tax	\$ 4,173,377	\$ -	\$ 4,173,377	\$ 3,926,199	\$ (247,178)
Occupational Tax	12,939,890	70,000	13,009,890	13,588,686	578,796
Insurance Premium Tax	2,749,983	-	2,749,983	2,977,707	227,724
Franchise Fees	150,000	-	150,000	152,762	2,762
Public Service Assessments	17,000	-	17,000	14,825	(2,175)
Code Enforcement Violations	-	-	-	71,791	71,791
Intergovernmental:					
Base Court Revenue	30,000	-	30,000	27,589	(2,411)
Coal and Mineral Tax	1,200	-	1,200	1,741	541
License and Permits:					
Alcoholic Beverage Licenses	110,000	-	110,000	123,591	13,591
Building Permits	70,000	-	70,000	113,706	43,706
Business Licenses	175,000	-	175,000	205,077	30,077
Electrical Permits	45,600	-	45,600	47,826	2,226
Fire Protection Permits	3,000	-	3,000	2,946	(54)
Heating Permits	65,000	-	65,000	74,364	9,364
Sign Permits	6,000	-	6,000	5,841	(159)
Charge for Services:					
Plan Review Fees	7,500	-	7,500	7,213	(287)
Fines and Penalties	15,000	-	15,000	13,550	(1,450)
CID Account Income	-	-	-	288,957	288,957
Lease Income - County Clerk's Office	19,453	-	19,453	19,453	-
Lease Income - Library	12,001	-	12,001	12,001	-
Rental Income - Community Center	125,000	-	125,000	185,156	60,156
Plainview Swim Club	150,000	-	150,000	200,187	50,187
Plainview Pool Concessions	35,000	-	35,000	36,791	1,791
Plainview Tennis Income	4,000	-	4,000	3,590	(410)
Tway House Rental	20,000	-	20,000	17,825	(2,175)
Bluebird Gym Rental	5,000	-	5,000	4,370	(630)
Bluebird Gym Concessions	7,500	-	7,500	8,988	1,488
Sports League Income	17,500	-	17,500	17,650	150
Veterans Park Pavilion Rental	4,000	-	4,000	6,315	2,315
Senior Citizens Income	-	-	-	51,994	51,994
Interest Checking Accounts and CD's	3,500	-	3,500	9,747	6,247
Grant Income	4,912,761	-	4,912,761	1,283,766	(3,628,995)
Miscellaneous	45,000	-	45,000	105,531	60,531
Total General Fund Revenues	25,919,265	70,000	25,989,265	23,607,735	(2,381,530)
Prior Year Fund Balance:					
Appropriated for Current Year Budget	4,447,041	640,342	5,087,383	-	(5,087,383)
Total Revenues and Prior Year Fund Balance	30,366,306	710,342	31,076,648	23,607,735	(7,468,913)

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES</u>					
Administration					
Payroll - Mayor and Council	166,476	-	166,476	165,619	857
Payroll - City Hall Staff	452,648	-	452,648	454,364	(1,716)
Health Insurance	160,751	-	160,751	156,267	4,484
Short Term Disability and Life Insurance	3,702	-	3,702	3,635	67
Dental Insurance	11,294	-	11,294	11,412	(118)
Retirement - Mayor and Council	31,098	-	31,098	28,811	2,287
Retirement - City Hall Staff	84,555	-	84,555	85,096	(541)
FICA - Mayor and Council	12,099	-	12,099	11,374	725
FICA - City Hall Staff	32,896	-	32,896	33,111	(215)
Administrative Expenses	2,500	-	2,500	6,397	(3,897)
Legal Fees and Expenses	36,000	28,750	64,750	85,488	(20,738)
Accounting Fees and Expenses	65,000	-	65,000	66,050	(1,050)
Dues and Subscriptions	17,000	-	17,000	17,307	(307)
Office Supplies	10,000	-	10,000	8,362	1,638
Postage	3,000	-	3,000	4,730	(1,730)
Equipment Rental and Leases	6,500	-	6,500	6,413	87
Travel - Mayor and Council	3,600	-	3,600	1,096	2,504
Travel - City Hall Staff	2,400	-	2,400	4,581	(2,181)
Meetings/Seminars-Mayor and Council	5,000	-	5,000	4,205	795
Meetings/Seminars - City Hall Staff	4,000	-	4,000	3,702	298
Training Expense and Supplies - City Hall	1,020	-	1,020	182	838
Building Repair and Maintenance-City Hall	20,000	-	20,000	17,012	2,988
Building Repair and Maintenance-Library	12,000	-	12,000	9,046	2,954
Building Repair and Maintenance-Clerk	-	-	-	5,816	(5,816)
Gas and Electric - City Hall	12,600	-	12,600	11,983	617
Water - City Hall	1,800	-	1,800	2,135	(335)
Telephone - City Hall	9,492	-	9,492	9,143	349
Mobile Phones - City Hall	3,900	-	3,900	3,151	749
New Equipment	35,020	-	35,020	-	35,020
Gasoline	3,825	-	3,825	4,705	(880)
Equipment Repair and Maintenance	5,000	-	5,000	878	4,122
Software Maintenance and Support	52,400	-	52,400	62,829	(10,429)
Cyber Security	15,000	-	15,000	14,089	911
Computer Hardware	25,400	-	25,400	16,431	8,969
Employee Appreciation	500	-	500	-	500
Miscellaneous - City Hall	9,600	-	9,600	3,094	6,506
Miscellaneous - Council	55,000	-	55,000	23,800	31,200
Newsletter	10,000	-	10,000	7,316	2,684
Website Development & Maintenance	11,825	-	11,825	8,732	3,093
Total Administration	1,394,901	28,750	1,423,651	1,358,362	65,289

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Permitting and Enforcement Department					
Payroll	222,935	-	222,935	218,134	4,801
Health Insurance	50,543	-	50,543	50,097	446
Short Term Disability and Life Insurance	1,277	-	1,277	1,264	13
Dental Insurance	3,735	-	3,735	3,736	(1)
Retirement	38,053	-	38,053	38,430	(377)
FICA	16,275	-	16,275	16,082	193
Uniforms	1,600	-	1,600	1,076	524
Dues and Subscriptions	1,200	-	1,200	1,802	(602)
Office Supplies	1,400	-	1,400	366	1,034
Postage	500	-	500	156	344
Meetings and Seminars	1,000	-	1,000	439	561
Mobile Phones	3,276	-	3,276	1,934	1,342
New Equipment	500	-	500	-	500
Gasoline	3,739	-	3,739	3,381	358
Software Maintenance & Support	500	-	500	-	500
Miscellaneous	500	-	500	88	412
Total Permitting and Enforcement Department	347,033	-	347,033	336,985	10,048
Insurance					
Unemployment Compensation	4,300	-	4,300	4,649	(349)
Workers Compensation	389,099	-	389,099	385,724	3,375
Commercial Liability	178,969	5,000	183,969	181,369	2,600
Property and Casualty	72,551	5,000	77,551	76,144	1,407
Claims	20,000	10,000	30,000	31,656	(1,656)
Claims Contra Account	-	-	-	(19,231)	19,231
Total Insurance	664,919	20,000	684,919	660,311	24,608
Revenue Department					
Payroll	176,429	-	176,429	189,088	(12,659)
Contract Labor - Revenue Dept.	15,000	-	15,000	6,314	8,686
Health Insurance	24,783	-	24,783	24,191	592
Short Term Disability and Life Insurance	1,268	-	1,268	1,248	20
Dental Insurance	1,180	-	1,180	1,131	49
Retirement	32,958	-	32,958	35,369	(2,411)
FICA	12,822	-	12,822	14,071	(1,249)
PVA/Mass Appraisal	53,000	-	53,000	50,000	3,000
Tax Forms	9,000	-	9,000	9,005	(5)
Dues and Subscriptions	2,000	-	2,000	1,735	265
Office Supplies	1,300	-	1,300	1,595	(295)
Postage	13,260	-	13,260	13,673	(413)

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Revenue Department					
Travel	1,200	-	1,200	328	872
Meetings and Seminars	1,500	-	1,500	329	1,171
Mobile Phones	800	-	800	733	67
Software Maintenance and Support	17,000	-	17,000	18,190	(1,190)
Miscellaneous	1,000	-	1,000	878	122
Total Revenue Department	364,500	-	364,500	367,878	(3,378)
Public Safety					
Street Lights	604,800	-	604,800	552,647	52,153
Ambulance Service	36,000	-	36,000	24,060	11,940
Total Public Safety	640,800	-	640,800	576,707	64,093
Civil Service					
Testing and Analysis	10,000	-	10,000	465	9,535
Miscellaneous	3,600	-	3,600	4	3,596
Total Civil Service	13,600	-	13,600	469	13,131
Police Department					
Payroll - Officers	4,180,098	-	4,180,098	4,251,184	(71,086)
KLEFPF	204,000	-	204,000	203,736	264
Education Incentive	56,100	-	56,100	54,007	2,093
Court Appearance	73,200	-	73,200	58,133	15,067
Payroll Contra Account	-	-	-	(138,867)	138,867
KLEFPF Contra Account	(204,000)	-	(204,000)	(254,646)	50,646
Payroll - Dispatchers	417,509	-	417,509	418,801	(1,292)
Payroll - Staff	328,334	-	328,334	332,600	(4,266)
Health Insurance	664,472	-	664,472	626,719	37,753
Short Term Disability and Life Insurance	20,310	-	20,310	19,865	445
Dental Insurance	53,175	-	53,175	55,631	(2,456)
Retirement - Officers	1,474,484	-	1,474,484	1,350,164	124,320
Retirement - Dispatchers	49,865	-	49,865	59,811	(9,946)
Retirement - Staff	53,606	-	53,606	60,455	(6,849)
FICA - Officers	323,919	-	323,919	333,433	(9,514)
FICA - Dispatchers	31,244	-	31,244	30,920	324
FICA - Staff	24,169	-	24,169	24,851	(682)
Uniforms - Officers	58,277	-	58,277	56,145	2,132
Uniforms - Dispatchers	8,830	-	8,830	7,174	1,656
Uniform Replacement	21,900	-	21,900	25,738	(3,838)
Dues and Subscriptions	11,734	-	11,734	10,718	1,016
Office Supplies	18,000	-	18,000	12,960	5,040

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Police Department (Continued)					
Postage	2,000	-	2,000	1,247	753
Travel	20,000	-	20,000	20,992	(992)
Meetings and Seminars	9,400	-	9,400	1,477	7,923
Training	56,969	-	56,969	41,833	15,136
Building Repair and Maintenance	17,820	-	17,820	13,455	4,365
J-town Explorers Expense	-	-	-	23	(23)
J-town Angel Program	-	-	-	500	(500)
Gas and Electric	27,600	-	27,600	27,327	273
Telephone and Internet	13,383	-	13,383	12,520	863
Water	3,900	-	3,900	4,273	(373)
Mobile Phones	32,700	-	32,700	29,761	2,939
New Vehicles	184,000	87,500	271,500	225,538	45,962
New Equipment	47,500	-	47,500	19,625	27,875
Gasoline	136,721	-	136,721	134,235	2,486
Equipment Repair and Maintenance	36,900	-	36,900	12,697	24,203
Maintenance Contracts	14,024	-	14,024	9,094	4,930
Software Maintenance and Support	42,880	-	42,880	46,572	(3,692)
Radio Maintenance	17,855	-	17,855	7,457	10,398
Physicals	7,608	-	7,608	9,039	(1,431)
Crime Prevention	5,750	-	5,750	2,981	2,769
Photography and Film	250	-	250	-	250
CID	12,500	-	12,500	2,704	9,796
Accreditation Expense	3,000	-	3,000	-	3,000
Miscellaneous	10,750	-	10,750	6,714	4,036
Canine Unit	7,000	-	7,000	3,186	3,814
Subtotal	8,579,736	87,500	8,667,236	8,232,782	434,454
Police CID Account Expense	-	-	-	492,748	(492,748)
Total Police Department	8,579,736	87,500	8,667,236	8,725,530	(58,294)
Public Works					
Payroll	1,111,186	-	1,111,186	980,669	130,517
Contract Labor	30,000	-	30,000	220	29,780
Payroll Contra Account	-	-	-	(1,976)	1,976
Health Insurance	259,119	-	259,119	231,144	27,975
Short term Disability and Life Insurance	7,146	-	7,146	6,621	525
Dental Insurance	19,124	-	19,124	17,663	1,461
Retirement	201,114	-	201,114	180,403	20,711
FICA	80,888	-	80,888	72,327	8,561
Uniforms	15,000	-	15,000	11,430	3,570
Dues and Subscriptions	750	-	750	235	515

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Public Works (Continued)					
Office Supplies	3,000	-	3,000	1,615	1,385
Equipment Rental and Leases	2,500	-	2,500	245	2,255
Travel	2,500	-	2,500	877	1,623
Meetings and Seminars	2,500	-	2,500	1,006	1,494
Training	1,500	3,000	4,500	1,178	3,322
Landfill Charges	7,500	-	7,500	7,409	91
Building Repair and Maintenance	8,000	-	8,000	10,393	(2,393)
Drainage	286,000	-	286,000	213,507	72,493
Sidewalks	100,000	(50,000)	50,000	10,837	39,163
Gas and Electric	8,160	-	8,160	7,962	198
Paving and Striping	400,000	100,000	500,000	354,065	145,935
Street and Traffic Sign Replacement	50,000	(15,000)	35,000	11,197	23,803
Water	3,600	-	3,600	3,495	105
Telephone and Internet	4,200	-	4,200	4,175	25
Mobile Phones	3,780	-	3,780	4,692	(912)
New Equipment	329,000	166,092	495,092	489,767	5,325
Gasoline	63,025	-	63,025	49,732	13,293
Oil	5,600	-	5,600	4,933	667
Vehicle Maintenance	130,000	-	130,000	121,511	8,489
Equipment Repair and Maintenance	36,000	-	36,000	38,763	(2,763)
Shop Supplies	15,000	-	15,000	10,988	4,012
Roadside Maintenance/Beautification	30,000	15,000	45,000	43,911	1,089
Radio Maintenance	-	-	-	5,075	(5,075)
MS4 Program	25,000	40,000	65,000	56,949	8,051
Safety	2,500	-	2,500	8,211	(5,711)
Physicals	3,000	-	3,000	1,544	1,456
Miscellaneous	5,000	-	5,000	6,182	(1,182)
Total Public Works	3,251,692	259,092	3,510,784	2,968,955	541,829
Sanitation					
Sanitation Contract Expense	1,103,939	30,000	1,133,939	1,127,697	6,242
Dumpster Fees	8,500	-	8,500	3,894	4,606
Total Sanitation	1,112,439	30,000	1,142,439	1,131,591	10,848
Economic Development					
Payroll	91,887	-	91,887	92,224	(337)
Health Insurance	14,796	-	14,796	14,818	(22)
Short Term Disability and Life Insurance	334	-	334	328	6
Dental Insurance	1,186	-	1,186	1,187	(1)
Retirement	17,164	-	17,164	17,250	(86)
FICA	6,678	-	6,678	6,885	(207)

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Economic Development (Continued)					
Advertising	60,000	-	60,000	48,301	11,699
Dues and Subscriptions	5,600	-	5,600	5,504	96
JOBS Incentive Program	-	-	-	3,186	(3,186)
Office Supplies	200	-	200	427	(227)
Travel	1,900	-	1,900	1,067	833
Meetings and Seminars	1,900	-	1,900	1,016	884
Mobile Phones	660	-	660	613	47
New Equipment	500	-	500	127	373
Miscellaneous	300	-	300	78	222
GLI Partnership	25,000	-	25,000	25,000	-
Façade Renovation Program	50,000	-	50,000	-	50,000
Industrial/Commerce Park Improvement	150,000	-	150,000	148,140	1,860
Economic Develop Authority Fund	200,000	-	200,000	200,000	-
Total Economic Development	628,105	-	628,105	566,151	61,954
Museum					
Payroll	78,403	-	78,403	79,643	(1,240)
Health Insurance	15,198	-	15,198	15,243	(45)
Short Term Disability and Life Insurance	610	-	610	610	-
Dental Insurance	1,047	-	1,047	1,047	-
Retirement	14,646	-	14,646	14,897	(251)
FICA	5,698	-	5,698	5,915	(217)
Dues and Subscriptions	100	-	100	-	100
Office Supplies	500	-	500	263	237
Postage	130	-	130	77	53
Travel	600	-	600	540	60
Meetings and Seminars	500	-	500	20	480
Building Repair and Maintenance	360	-	360	-	360
Telephone and Internet	540	-	540	523	17
Mobile Phones	624	-	624	613	11
Security	690	-	690	360	330
Copier	800	-	800	590	210
Photography and Film	500	-	500	-	500
Miscellaneous	700	-	700	-	700
Total Museum	121,646	-	121,646	120,341	1,305
Parks and Recreation					
Payroll	167,301	-	167,301	153,864	13,437
Payroll - Pool Part-time	27,885	-	27,885	42,988	(15,103)
Payroll - Bluebird Gym Part-time	4,290	-	4,290	2,577	1,713

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Parks and Recreation					
Contract Labor - Parks & Rec.	8,500	-	8,500	17,365	(8,865)
Health Insurance	25,549	-	25,549	33,220	(7,671)
Short Term Disability and Life Insurance	873	-	873	1,032	(159)
Dental Insurance	1,777	-	1,777	2,334	(557)
Retirement	24,746	-	24,746	29,163	(4,417)
FICA	11,369	-	11,369	11,314	55
FICA - Pool Part-time	2,116	-	2,116	3,289	(1,173)
FICA - Bluebird Gym	316	-	316	197	119
Uniforms	100	-	100	144	(44)
Office Supplies	2,500	-	2,500	2,152	348
Postage	500	-	500	195	305
Travel	1,200	-	1,200	673	527
Adult Sport League	17,500	-	17,500	17,446	54
Gas and Electric - Skyview	16,800	-	16,800	17,647	(847)
Gas and Electric - Football Field	6,000	-	6,000	5,368	632
Gas and Electric - Gym	18,600	-	18,600	18,100	500
Gas and Electric - Veterans Park	3,420	-	3,420	3,014	406
Gas and Electric - Plainview	20,640	-	20,640	18,553	2,087
Gas and Electric - Community Center	30,600	-	30,600	28,423	2,177
Gas and Electric - Ruckriegel Field	3,120	-	3,120	2,765	355
Water - Skyview	33,120	-	33,120	79,533	(46,413)
Water - Football Field	7,980	-	7,980	6,109	1,871
Water - Gym	1,980	-	1,980	2,083	(103)
Water - Plainview	11,340	-	11,340	17,459	(6,119)
Water - Community Center	12,840	-	12,840	10,389	2,451
Telephone - Gym	2,160	-	2,160	2,196	(36)
Telephone - Plainview	3,120	-	3,120	4,423	(1,303)
Telephone - Community Center	1,800	-	1,800	2,020	(220)
Mobile Phones	2,520	-	2,520	2,779	(259)
New Equipment	14,000	-	14,000	13,346	654
Gasoline	4,052	-	4,052	3,473	579
Pool Maintenance Contact	123,000	-	123,000	83,752	39,248
Pool/Tennis Miscellaneous	37,500	10,000	47,500	48,756	(1,256)
Concessions - Pool	17,500	-	17,500	21,824	(4,324)
Maintenance - Plainview	15,000	-	15,000	17,361	(2,361)
Maintenance - Miscellaneous	10,000	-	10,000	1,937	8,063
Maintenance - Skyview	25,000	10,000	35,000	36,544	(1,544)
Maintenance - Veterans Park	15,000	-	15,000	10,835	4,165
Maintenance - Bluebird Gym	15,000	-	15,000	13,386	1,614
Maintenance - Football Field	4,000	-	4,000	5,539	(1,539)
Maintenance - Community Center	30,000	-	30,000	28,668	1,332
Concessions - Bluebird Gym	4,500	-	4,500	6,845	(2,345)
Total Parks and Recreation	787,114	20,000	807,114	831,080	(23,966)

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Senior Citizens					
Payroll	137,968	-	137,968	95,858	42,110
Health Insurance	44,387	-	44,387	22,876	21,511
Short Term Disability and Life Insurance	944	-	944	485	459
Dental Insurance	3,560	-	3,560	1,734	1,826
Retirement	20,085	-	20,085	11,689	8,396
FICA	10,143	-	10,143	6,909	3,234
Office Supplies	1,500	-	1,500	1,135	365
Building Repair and Maintenance	15,000	-	15,000	15,697	(697)
Gas and Electric	15,420	-	15,420	16,093	(673)
Telephone and Internet	4,260	-	4,260	4,390	(130)
New Equipment	2,000	-	2,000	-	2,000
Gasoline	937	-	937	966	(29)
Miscellaneous	2,000	-	2,000	322	1,678
Copier	500	-	500	3,376	(2,876)
Equipment Repair and Maintenance	3,500	-	3,500	1,957	1,543
Total Senior Citizens	262,204	-	262,204	183,487	78,717
Special Projects					
Community Outreach	90,000	30,000	120,000	112,613	7,387
Farmers Market	4,000	-	4,000	5,908	(1,908)
Other Special Projects	2,000	-	2,000	500	1,500
Mayor's Special Projects	10,000	-	10,000	8,166	1,834
Easter Celebration	4,000	-	4,000	4,091	(91)
Volunteer Recognition	2,500	-	2,500	304	2,196
Light Up Jeffersontown	6,000	-	6,000	4,879	1,121
Summer Fest	10,000	-	10,000	8,307	1,693
Gaslight Festival	10,000	-	10,000	11,020	(1,020)
Pumpkin Fest	4,500	-	4,500	5,694	(1,194)
Founder's Day	3,000	-	3,000	1,861	1,139
Memorial/Veteran's Day Observation	1,000	-	1,000	-	1,000
Arts Program	19,500	-	19,500	8,754	10,746
Grant Related Expense	6,022,545	-	6,022,545	1,271,174	4,751,371
Improvement Projects	1,005,412	235,000	1,240,412	906,249	334,163
Patti Lane - Streetscape	100,000	-	100,000	6,125	93,875
Gasoline (Reserve)	8,995	-	8,995	3,947	5,048
Total Special Projects	7,303,452	265,000	7,568,452	2,359,592	5,208,860
Debt Service					
Debt Service Expense	993,459	-	993,459	993,740	(281)
Total Debt Service	993,459	-	993,459	993,740	(281)

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND - CONTINUED
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>EXPENDITURES - Continued</u>					
Compensated Absences					
Compensated Absences	-	-	-	266,930	(266,930)
Total Compensated Absences	-	-	-	266,930	(266,930)
Total Expenditures	26,465,600	710,342	27,175,942	21,448,109	5,727,833
Excess of Revenue over Expenditures	3,900,706	-	3,900,706	2,159,626	(1,741,080)
OTHER FINANCING SOURCES (USES)					
Sale of Surplus Property	-	-	-	110,879	110,879
Transfer In	-	-	-	125,130	125,130
Transfer Out	(150,000)	-	(150,000)	(250,000)	(100,000)
Total Other Financing Sources (Uses)	(150,000)	-	(150,000)	(13,991)	136,009
Net Change in Fund Balances	3,750,706	-	3,750,706	2,145,635	(1,605,071)
Fund Balance, Beginning	-	-	-	9,128,679	9,128,679
Prior Period Adjustment	-	-	-	622	622
Fund Balance, Ending	<u>\$ 3,750,706</u>	<u>\$ -</u>	<u>\$ 3,750,706</u>	<u>\$ 11,274,936</u>	<u>\$ 7,524,230</u>

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - ROAD FUND
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>REVENUES</u>					
Road Aid					
Intergovernmental Revenue	\$ 523,534	\$ -	\$ 523,534	\$ 535,482	\$ 11,948
Interest Income	-	-	-	14,842	14,842
Other Income	-	-	-	393	393
Total Revenues before Prior Year Fund Balance	523,534	-	523,534	550,717	27,183
Prior Year Fund Balance:					
Appropriated for Current Year Budget	-	110,818	110,818	-	(110,818)
Total Revenues and Prior Year Fund Balance	523,534	110,818	634,352	550,717	(83,635)
<u>EXPENDITURES</u>					
Road Aid					
Road Maintenance	48,000	-	48,000	20,023	27,977
Sidewalks	84,000	-	84,000	36,341	47,659
Paving and Striping	308,734	110,818	419,552	484,588	(65,036)
Streetlight Maintenance	12,000	-	12,000	5,599	6,401
Road Salt and Sand	70,800	-	70,800	71,231	(431)
Total Road Aid	523,534	110,818	634,352	617,782	16,570
Excess of Revenue over Expenditures	-	-	-	(67,065)	(67,065)
Fund Balance, Beginning	-	-	-	286,107	286,107
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,042</u>	<u>\$ 219,042</u>

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET TO ACTUAL - SEVERANCE FUND
JUNE 30, 2017

	Original Budget	Revisions	Revised Budget	Total Actual	Variance
<u>REVENUES</u>					
Interest Income	\$ -	\$ -	\$ -	\$ 9,094	\$ 9,094
Total Revenues before Prior Year Fund Balance	-	-	-	9,094	9,094
Prior Year Fund Balance:					
Appropriated for Current Year Budget	-	-	-	-	-
Total Revenues and Prior Year Fund Balance	-	-	-	9,094	9,094
<u>EXPENDITURES</u>					
General Government					
Administration	-	-	-	-	-
Total General Government	-	-	-	-	-
Excess of Revenue over Expenditures	-	-	-	9,094	9,094
OTHER FINANCING SOURCE AND (USES)					
Transfer In	-	-	-	250,000	250,000
Transfer Out	-	-	-	(125,130)	(125,130)
Total Other Financing Sources and (Uses)	-	-	-	124,870	124,870
Net Change in Fund Balances	-	-	-	133,964	133,964
Fund Balance, Beginning	-	-	-	1,899,624	1,899,624
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ 2,033,588	\$ 2,033,588

See the accompanying notes to the required supplementary information on budgetary reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY REPORTING
JUNE 30, 2017

Budgets and the Budgetary Process

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets and budget amendments for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Encumbrances

As previously disclosed, the City does not employ encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to preserve that portion of the applicable appropriation.

Reconciliations

Revenue and Expenditures

For budgetary purposes, the City nets certain revenue and expenditure items within the same department; however, for financial reporting purposes, these amounts are shown as separate revenue and expenditure amounts in the fund financial statements. Differences between the budgetary reporting of revenue and expenditures as reported in the required supplementary information differs from the fund financials statements in the following areas:

Total general fund revenue per the statement of revenues, expenditures, and changes in fund balance - governmental funds:	\$ 24,212,567
Reconciling items:	
KLEFPF (Police Incentive Pay) is netted against the payroll expenditure in the budgetary comparison schedule	(254,646)
Cost reimbursements and fee for service work related to police officers payroll is netted against the payroll expenditure in the budgetary comparison schedule	(138,867)
Cost reimbursements for work related to public works payroll is netted against the payroll expenditure in the budgetary comparison schedule	(1,976)
Offsets to insurance claims expense is netted against the claim expenditure in the budgetary comparison schedule	(19,231)
Costs associated with programs at the senior citizens center are netted against the revenue in the budgetary comparison schedule	<u>(190,112)</u>
Total general fund revenue per the statement of revenues, expenditures and changed in fund balance - budget to actual - general fund	<u><u>\$ 23,607,735</u></u>

These same items account for the difference in expenditures between these two statements as well.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY REPORTING - CONTINUED
JUNE 30, 2017

Reconciliations - Continued

Capital Outlay and Debt Service

Certain expenditures are required to be reported as capital outlay or debt service on the fund financial statements regardless of the department or function within general government that acquires the capital item or services the debt. For budgetary purposes however, the City budgets for those expenditures on specific lines of the department or function from which payment will be made. Differences between the budgetary basis as reported in the required supplementary information differs from the fund financials in the following areas:

Budgetary Fund/Department/Line Item	Reported As Capital Outlay in the Fund Financials	Reported As Debt Service in the Fund Financials
General Fund:		
Parks and Recreation		
New Equipment	\$ 5,128	\$ -
Police Department		
New Vehicles	220,351	-
Equipment Repairs and Maintenance	5,100	-
Police CID Account Expense	77,561	-
Public Works		
Paving and Striping	345,729	-
New Equipment	439,376	-
Economic Development		
Commerce Park Improvements	133,120	-
Special Projects		
Bluegrass Parkway Shared Use Trail Phase 2	52,550	-
Bluegrass Commerce Park	976,374	-
Good Samaritan Bike Trail	7,233	-
Improvement Projects	382,964	-
Olmstead Bridge Project	73,000	-
Parklands Connector Trail	82,399	-
Patti Lane Streetscape	6,125	-
Taylorsville Road Streetscape	26,929	-
Watterson Trail Streetscape	4,950	-
Watterson Trail Streetscape Phase 2	37,484	-
Watterson Trail Shared Use Trail	7,159	-
Debt Service		
Debt Service Expense	-	993,740
	\$ 2,883,532	\$ 993,740

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY REPORTING - CONTINUED
JUNE 30, 2017

Reconciliations - Continued

Capital Outlay and Debt Service – continued

<u>Budgetary Fund/Department/Line Item</u>	<u>Reported As Capital Outlay in the Fund Financials</u>	<u>Reported As Debt Service in the Fund Financials</u>
Road Fund:		
Road Maintenance and Repair		
Paving/Striping Repairs and Maintenance	\$ 462,829	\$ -
Totals Road Fund	<u>\$ 462,829</u>	<u>\$ -</u>

Unbudgeted Items

Due to the nature and unpredictability of certain revenue and expenditures amounts, the City does not include them in the annual budget. Those items are as follows:

Revenues:

Police CID Account Income	\$ 288,957
Senior Citizens Income	\$ 51,994

Expenditures:

Police CID Account Expense	\$ 492,748
Compensated Absences	\$ 266,930

Stewardship

Expenditures exceeded budget in the following departments within the general fund:

<u>Department</u>	<u>Amount Over Budget</u>
Compensated Absences	\$266,930
Debt Service	\$ 281
Parks and Recreation	\$ 23,966
Police Department	\$ 58,294
Revenue Department	\$ 3,378

CITY OF JEFFERSONTOWN, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF THE COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017

<u>Year ended June 30th</u>	<u>City's proportion of the net pension liability</u>	<u>City's proportionate share of the net pension liability (asset)</u>	<u>City's covered employee payroll</u>	<u>City's share of the net pension liability (asset) as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Non-Hazardous:					
2017	Not Available	Not Available	\$ 2,997,909	Not Available	Not Available
2016	0.117920%	\$ 5,805,936	\$ 2,858,142	203.14%	55.50%
2015	0.116837%	\$ 5,023,424	\$ 2,763,773	181.76%	59.97%
2014	0.114711%	\$ 3,721,663	\$ 2,668,057	139.49%	66.80%
2013	Not Available	\$ 4,211,141	\$ 2,617,862	160.86%	Not Available
2012-2008	Not Available	Not Available	Not Available	Not Available	Not Available
Hazardous:					
2017	Not Available	Not Available	\$ 4,421,410	Not Available	Not Available
2016	0.807133%	\$ 13,849,928	\$ 4,473,334	309.61%	53.95%
2015	0.813966%	\$ 12,495,245	\$ 4,386,994	284.82%	57.52%
2014	0.806006%	\$ 9,686,786	\$ 4,241,958	228.36%	63.46%
2013	Not Available	\$ 10,817,637	\$ 4,155,572	260.32%	Not Available
2012-2008	Not Available	Not Available	Not Available	Not Available	Not Available

See the accompanying notes to the required supplementary information on pension reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
SCHEDULE OF THE CITY'S CONTRIBUTIONS TO THE COUNTY
EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017

<u>Year ended June 30th</u>	<u>Contractually required contribution</u>	<u>Contribution relative to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>City's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Non-Hazardous:					
2017	\$ 560,010	\$ 560,010	\$ -	\$ 2,997,909	18.68%
2016	\$ 487,606	\$ 487,606	\$ -	\$ 2,858,142	17.06%
2015	\$ 488,371	\$ 488,371	\$ -	\$ 2,763,773	17.67%
2014	\$ 503,996	\$ 503,996	\$ -	\$ 2,668,057	18.89%
2013	\$ 527,652	\$ 527,652	\$ -	\$ 2,617,862	20.16%
2012-2008	Not Available	Not Available	Not Available	Not Available	Not Available
Hazardous:					
2017	\$ 1,373,290	\$ 1,373,290	\$ -	\$ 4,421,410	31.06%
2016	\$ 1,473,964	\$ 1,473,964	\$ -	\$ 4,473,334	32.95%
2015	\$ 1,505,178	\$ 1,505,178	\$ -	\$ 4,386,994	34.31%
2014	\$ 1,514,379	\$ 1,514,379	\$ -	\$ 4,241,958	35.70%
2013	\$ 1,562,495	\$ 1,562,495	\$ -	\$ 4,155,572	37.60%
2012-2008	Not Available	Not Available	Not Available	Not Available	Not Available

See the accompanying notes to the required supplementary information on pension reporting.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION REPORTING
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – ACCOUNTING POLICIES

For purposes of determining net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS), and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported to the City by CERS.

NOTE B – CHANGES OF BENEFIT TERMS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

- Tiered Structure for benefit accrual rates
- New retirement eligibility requirements
- Different rules for the computation of final average compensation

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

NOTE C – CHANGES OF ASSUMPTIONS

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to .75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

NOTE D – METHOD AND ASSUMPTIONS USED IN CALCULATION OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2016 and 2017, determined as of July 1, 2015. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

Actuarial cost method
Amortization method
Remaining amortization period

Entry age
Level percentage of payroll, closed
28 years

**CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
ON PENSION REPORTING
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE D – METHOD AND ASSUMPTIONS USED IN CALCULATION OF ACTUARIALLY DETERMINED CONTRIBUTIONS - CONTINUED

Asset valuation method	5-year smoothed market
Inflation	3.25 percent
Salary increase	4.00, average including inflation
Investment rate of return	7.50 percent, net of pension plan investment Expense, including inflation

NOTE E – MEASUREMENT DATE

As allowed by current audit standards, CERS has used a measurement date of June 30, 2016 for reporting information to the City.

NOTE F – CONTRACTUALLY REQUIRED CONTRIBUTIONS

Amounts shown as contractually required contributions include all amounts due and paid to CERS, including both the pension portion and the amount allocated to the insurance fund of CERS.

CITY OF JEFFERSONTOWN, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
EXECUTIVE OFFICE OF THE PRESIDENT			
- pass through program from:			
Laurel County Fiscal Court-	95.001	G17AP0001A	\$ 6,722
U.S. DEPARTMENT OF TRANSPORTATION			
- pass through program from:			
Commonwealth of Kentucky Transportation			
Cabinet -			
Highway Planning and Construction	20.205	P02-625-1300003076	3,960
Highway Planning and Construction	20.205	P02-625-1000004215	26,929
Highway Planning and Construction	20.205	P02-628-1400000832	781,099
Highway Planning and Construction	20.205	P02-628-0700013788	5,727
Highway Planning and Construction	20.205	P02-625-1600001281	65,920
Highway Planning and Construction	20.205	P02-625-1600001735	29,987
Highway Planning and Construction	20.205	KIPDA ID No. 2055	42,040
Highway Planning and Construction	20.205	P02-628-1600002707	58,400
Highway Planning and Construction	20.205	KIPDA ID No. 2082	5,786
Commonwealth of Kentucky Transportation			
Cabinet -			
State and Community Highway Safety	20.616	MHVE-16-14	1,679
Total U.S. Department of Transportation			<u>1,021,527</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,028,249</u>

See the accompanying notes to the schedule of expenditures of federal awards.

CITY OF JEFFERSONTOWN, KENTUCKY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Jeffersontown, Kentucky under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Jeffersontown, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Jeffersontown, Kentucky

NOTE B – SUMMARY OF SIGNIFICANT POLICIES

1. Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



STEPHENS & LAWSON

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Mayor and City Council
City of Jeffersontown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Jeffersontown, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Jeffersontown, Kentucky's basic financial statements, and have issued our report thereon dated November 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jeffersontown, Kentucky's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Jeffersontown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Jeffersontown, Kentucky's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jeffersontown, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephens & Lawson CPAs

Louisville, Kentucky
November 22, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**



STEPHENS & LAWSON

Certified Public Accountants

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Mayor and City Council
City of Jeffersontown, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the City of Jeffersontown, Kentucky's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Jeffersontown, Kentucky's major federal programs for the year ended June 30, 2017. City of Jeffersontown, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Jeffersontown, Kentucky's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jeffersontown, Kentucky's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Jeffersontown, Kentucky's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Jeffersontown, Kentucky, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of City of Jeffersontown, Kentucky, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we have considered the City of Jeffersontown, Kentucky's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures

that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jeffersontown, Kentucky's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stephens & Lawson CPAs

Louisville, Kentucky
November 22, 2017

**CITY OF JEFFERSONTOWN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SUMMARY OF AUDIT RESULTS

- The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Jeffersontown, Kentucky were prepared in accordance with GAAP.
- No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Nor are any material weaknesses reported.
- No instances of noncompliance material to the financial statements of the City of Jeffersontown, Kentucky, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. Nor are any material weaknesses reported.
- The auditor's report on compliance for the major federal award programs for the City of Jeffersontown, Kentucky expresses an unmodified opinion on all major federal programs.
- Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- The programs tested as major programs were:
 - U.S. Department of Transportation, Commonwealth of Kentucky Transportation Cabinet, Highway Planning and Construction (CFDA #20.205)
- The threshold for distinguishing Type A and B programs was \$750,000.
- City of Jeffersontown, Kentucky was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM

None

**CITY OF JEFFERSONTOWN, KENTUCKY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

There were no findings reported in the prior year audit.